

**KOMARKCORP BERHAD  
AND ITS SUBSIDIARIES**  
(Company No. 374265 - A)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE PERIOD ENDED 30 APRIL 2011**

**A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with the Financial Reporting Standard (“FRS”) 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”). The interim financial report should be read in conjunction with the audited financial statements of the group for the year ended 30 April 2010.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 April 2010 except for the adoption of the following new/revised FRS which the group adopted to the extent of their applicability from financial year beginning on or after 1 July 2009 or 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statement
FRS123	Borrowing Costs
FRS 139	Financial Instruments: Recognition And Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity Or Associate
Amendments to FRS 139	Financial Instruments: Recognition And Measurement

The above new FRS and Amendments to FRS are expected to have no significant changes in the accounting policies and presentation of the financial statements of the group upon their initial application, other than for the application of FRS 8, FRS 101 and FRS 139.

**FRS 8, Operating Segments**

FRS 8 requires operating segments to be identified on the basis of internal segment information that are regularly provided to and reviewed by the Managing Director and Board Of Directors. The adoption of FRS 8 has not resulted in a redesignation of the Company’s reportable segments as compared to previous years.

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**FRS 101 (revised), Presentation of Financial Statement**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cashflows statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cashflows and notes to the financial statements.

**FRS 139, Financial Instruments: Recognition And Measurement**

Prior to the adoption of FRS139, investment in quoted shares was stated at cost less allowance for diminution in value. Following the adoption of FRS 139, the group's quoted investments are now categorised as Available for Sale Investments. Accordingly the opening balance is restated and measured to its fair value as at 1 May 2010 and the difference with amount stated as at preceding year ended 30 April 2010 is reflected through fair value reserve in equity. Subsequent measurement of the fair value is reflected in equity through the other comprehensive income.

This change in accounting policy has been made in accordance with the transitional provisions of FRS139. FRS139 provides for the exception in that, for a first time adopter, to apply the requirements of the Standard prospectively. Any adjustments arising from remeasuring the financial instruments at the beginning of the financial period were recognised as adjustment of the opening balance of retained earnings or another appropriate reserve.

The following are the FRS/Amendment to FRS issued by the MASB which are not yet effective but are relevant to the group and company:

		<u>Effective For Financial Periods Beginning on or after</u>
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 <sup>st</sup> July 2010
FRS 3	Business Combinations (revised)	1 <sup>st</sup> July 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1 <sup>st</sup> July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 <sup>st</sup> July 2010
Amendments to FRS 138	Intangible Assets	1 <sup>st</sup> July 2010

The above new FRS/Amendment to FRS are expected to have no significant impact on the financial statements of the group and the company upon their initial application.

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**A3. Audit Report**

The audited report of the Group's annual financial statements for the year ended 30 April 2010 was not qualified.

**A4. Seasonal or Cyclicity of Interim Operations**

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

**A5. Exceptional / Extraordinary Items**

There were no exceptional / extraordinary items for the current financial period.

**A6. Changes in Estimates**

There were no changes in estimates of the amounts reported in prior financial years that have a materials effect in the current quarter.

**A7. Debts and Equity Securities**

During the current quarter, there was no repurchase and resale of debt and equity securities in accordance with Section 67A of the Companies Act, 1965 and stated as cost.

As at 30 April 2011, the number of treasury shares held was 1,536,000 ordinary shares at total cost at RM436,711.33.

There was no issuance and repayment of debt and equity securities and share cancellation for the current financial period to date.

**A8. Dividend Paid**

No dividend has been recommended by the Board of Directors for the period ended 30 April 2011.

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**A9. Segmental Information**

**Business Segments (30<sup>th</sup> April 2011)**

	Manufacturing Of Self Adhesive Labels and Stickers and Trading Of Related Products RM '000	Manufacturing of Automatic Labelling Machineries RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	112,987	376	--	113,363
Inter-segment revenue	--	1,588	(1,588)	--
Total Revenue	<u>112,987</u>	<u>1,964</u>	<u>(1,588)</u>	<u>113,363</u>
Segment Results	10,368	49	--	10,417
Unallocated Expenses				(2,696)
Interest Income				73
Finance Costs				(4,919)
Share of loss of associate				<u>--</u>
Profit before Taxation				<u>2,875</u>
Income Tax Expenses				<u>(674)</u>
Net Profit for the Period				<u>2,201</u>

**Business Segments (30<sup>th</sup> April 2010)**

	Manufacturing Of Self Adhesive Labels and Stickers and Trading Of Related Products RM '000	Manufacturing of Automatic Labelling Machineries RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	111,670	328	--	111,998
Inter-segment revenue	--	2,179	(2,179)	--
Total Revenue	<u>111,670</u>	<u>2,507</u>	<u>(2,179)</u>	<u>111,998</u>
Segment Results	10,321	1,073	--	11,394
Unallocated Expenses				(3,088)
Interest Income				83
Finance Costs				(5,489)
Share of loss of associate				<u>--</u>
Profit before Taxation				<u>2,900</u>
Income Tax Expenses				<u>(880)</u>
Net Profit for the Period				<u>2,020</u>

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**Geographical Segments (30<sup>th</sup> April 2011)**

	Malaysia RM'000	Overseas RM'000	Elimination RM'000	Consolidated RM'000
Revenue from				
External Customers	39,829	73,534	--	113,363
Inter-segment revenue	6,298	18	(6,316)	--
Total Revenue	<u>46,127</u>	<u>73,552</u>	<u>(6,316)</u>	<u>113,363</u>
Segment Results	<u>5,578</u>	<u>4,839</u>		10,417
Unallocated expenses				(2,696)
Interest Income				73
Finance Costs				(4,919)
Share of loss of associate	<u>—</u>			<u>—</u>
Profit before Taxation				2,875
Income Tax Expense				<u>(674)</u>
Net Profit for the Period				<u>2,201</u>

**Geographical Segments (30<sup>th</sup> April 2010)**

	Malaysia RM'000	Overseas RM'000	Elimination RM'000	Consolidated RM'000
Revenue from				
External Customers	37,692	74,306	--	111,998
Inter-segment revenue	8,959	549	(9,508)	--
Total Revenue	<u>46,651</u>	<u>74,855</u>	<u>(9,508)</u>	<u>111,998</u>
Segment Results	<u>4,539</u>	<u>6,855</u>		11,394
Unallocated expenses				(3,088)
Interest Income				83
Finance Costs				(5,489)
Share of loss of associate	<u>—</u>			<u>—</u>
Profit before Taxation				2,900
Income Tax Expense				<u>(880)</u>
Net Profit for the Period				<u>2,020</u>

**A10. Property, Plant And Equipment**

During the period, the Group does not have any revaluations policy on landed properties.

**A11. Material Events Subsequent to the Interim Period**

There were no material events subsequent to the quarter ended 30 April 2011.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the group.

**A13. Change in Contingent Liabilities or Contingent Assets**

As at 30 April 2011, the group has given guarantee of RM112.8 million to banks and financial institutions for its subsidiaries banking facilities.

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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING  
REQUIREMENTS**

**B1. Review of Performance**

For the current quarter ended 30 April 2011, the Group recorded revenue of RM28.31 million, representing a marginal decrease of RM0.83 million or 2.85% as compared to the previous year corresponding quarter ended 30 April 2010.

The Group reported a profit before taxation ("PBT") of RM1.05 million for the current quarter as compared to PBT of RM0.60 million recorded in the previous year corresponding quarter, representing an increase of RM0.45 million. The increase in PBT is mainly attributable to improved operational efficiency.

**B2. Comparison with the Preceding Quarter's Results**

For the current quarter ended 30 April 2011, the Group recorded revenue of RM28.31 million, representing a decrease of RM1.54 million or 5.15% as compared to the preceding quarter ended 31 January 2011.

The Group reported higher PBT of RM1.05 million for the current quarter as compared to PBT of RM0.55 million recorded in the preceding quarter ended 31 January 2011, representing an increase of RM0.5 million. The increase in PBT is mainly attributable to improved operational efficiency.

**B3. Current Year Prospects**

The Group's operating environment is expected to remain challenging and competitive. The Board expects the performance of the Group to remain profitable. The Group will strive to achieve satisfactory results by improving operational efficiency, remain focus on product and service quality.

**B4. Variance of Actual Profit From Forecast**

The profit forecast or profit guarantee is not applicable for this announcement.

**B5. Taxation**

	<b>Current Quarter</b>
	<u>RM'000</u>
Income tax	
- Current expenses	<b>522</b>
	=====

The Group's tax charge for the period relates to the profits of certain subsidiary. This tax charge cannot be offset against losses or tax allowances of other subsidiaries for tax purposes.

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**B6. Profit /(Loss) on Sale of Unquoted Investments and/or Properties**

There is no sale of unquoted investments and/or properties for the current financial period to date.

**B7. Quoted Investments**

The investment in quoted shares as at end of the reporting period is:-

	RM' 000
Quoted Shares, at cost	4
	===
Quoted Shares, at market value	3
	===

**B8. Status of Corporate Proposal**

There is no corporate proposal for the current quarter.

**B9. Group Borrowings and Debt Securities**

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<u>Y/E April' 11</u>	<u>Y/E April' 10</u>
	<u>RM'000</u>	<u>RM'000</u>
<b><u>Short Term Borrowings</u></b>		
Revolving Credit - Secured	--	500
Bankers' Acceptance - Secured	12,627	13,725
- Unsecured	2,347	11,759
Trust Receipts - Secured	--	10
- Unsecured	317	12
Term Loan - Secured	2,274	2,238
- Unsecured	2,912	--
Bank overdraft - Secured	15,529	16,538
- Unsecured	1,120	2,330
Short Term Loan - Secured	--	935
- Unsecured	9,884	8,491
Finance Lease and Hire Purchase Liabilities	<u>3,180</u>	<u>4,668</u>
	<u>50,190</u>	<u>61,206</u>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	5,263	10,676
- Unsecured	6,537	1,760
Finance Lease and Hire Purchase Liabilities	<u>8,384</u>	<u>9,214</u>
	<u>20,184</u>	<u>21,650</u>

All borrowings are in Ringgit Malaysia except for USD457,269 , RMB36,085,991 , Thai Baht 61,132,811 and SGD6,533 (equivalent of RM23,888,968.40).

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**B10. Financial Instruments with Off Balance Sheet Risks**

The Group does not have any material financial instruments with off balance sheet risk as at 29 June 2011 for the period ended 30 April 2011.

**B11. Material Litigation**

There is no pending material litigation as at 29 June 2011 for the period ended 30 April 2011.

**B12. Dividend Paid**

No dividend has been recommended by the Board of Directors for the period ended 30 April 2011.

**B13. Earnings Per Share (EPS)**

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares in issue during the period.

	<u>Current Quarter</u>
Profit attributable to Shareholders	RM526,375
Weighted Average Number of Ordinary Shares	79,739,593
Basic Earnings Per Share (Sen)	0.66

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**B14. Disclosure of Realised and Unrealised Profit/Losses**

	<b>As at</b> <b>30 April 2011</b> <b>RM'000</b>	<b>As at</b> <b>31 January 2011</b> <b>RM'000</b>
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	25,844	25,402
- Unrealised loss	<u>(1,280)</u>	<u>(1,361)</u>
	<u>24,564</u>	<u>24,041</u>
ii) Associates		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(6,213)	(6,216)
Total	<u>18,349</u>	<u>17,823</u>